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REMARKS BY U.S. AMBASSADOR TO BANGLADESH DAN MOZENA VISIT TO THE DHAKA STOCK EXCHANGE WEDNESDAY, APRIL 3, 2013

Rakibur Rahman, President, Dhaka Stock Exchange

Dr. Swapan Kumar Bala, CEO, Dhaka Stock Exchange

Colleagues and friends

Asian Tigers ...

I speak often of Bangladesh's potential to be Asia's next tiger; I speak of Bangladesh, the Royal Bengal Tiger, strutting powerfully across the global economic stage; ; I speak of Bangladesh as an economic power commensurate with its size as the world's seventh largest country.

This vision is not some idle, wishful dream of an underemployed ambassador.

No, this vision is based on facts ... recognized facts ... that Bangladesh could be/should be the world's largest exporter of readymade garments and household textiles, that Bangladesh could be/should be a major global player in generic pharmaceuticals, frozen shrimp, small and medium freighters, IT, footwear, finished leather goods, jute, silk, and the list goes on and on, that Bangladesh could be/should be food self-sufficient, that Bangladesh could be/should be a hub in intra-regional and inter-regional trade given its strategic location, that Bangladesh could be/should be the source of well educated, highly skilled manpower to build the Middle East, Southeast Asia and elsewhere.

You know well Bangladesh's deep potential in these and other areas.

But Asian Tigers don't emerge from vapor ... rather Asian Tigers can emerge only from an environment that fosters growth, that promotes investment, that encourages risk, that produces success.

The strikes, violence, and turbulence of the past several months stymie growth, drive away both domestic and international investment, create greater risk, and undermine prospects for success. In recent days, the Dhaka Stock Exchange General Index has fallen to new lows largely because, according to my analyst friends, political unrest is undermining investor confidence. Certainly the violence and turbulence are deeply impacting the economy, creating losses of \$200 million a day, according to some estimates. The media reported that there were

only nine regular working days in March ... buyers and investors reasonably are taking their business and investment dollars elsewhere ... this is not how to build an Asian Tiger. Bangladesh simply cannot afford such losses to continue month after month. The strikes, violence and turbulence of recent months must stop.

I believe in democracy; I believe in the free and peaceful expression of political views; I believe political differences should be addressed and resolved in an open and constructive fashion, in a way that promotes dialogue among the major political parties as they search for a way forward to address differences, including how best to ensure that the coming elections are free, fair and credible.

Asian Tigers don't emerge from vapor ... rather Asian Tigers can emerge only from an economy that has the greatest possible access to the global marketplace.

In America, in Europe and around the world, consumers, governments, and buyers are increasingly concerned about working conditions, especially fire safety, and labor rights in Bangladesh's factories in the RMG and household textile sectors and beyond. In America, these concerns are manifested in the ongoing review of whether Bangladesh is qualified to receive trade benefits under the Generalized System of Preferences or GSP.

A public hearing last week in Washington underscored the important progress Bangladesh has made in addressing concerns relating to working conditions and labor rights; the hearing also made clear that more remains to be done to address these concerns adequately. I urge Bangladesh government and industry to engage deeply over coming weeks ... before the actual review discussions begin in late May ... to institute needed reforms of the labor law, to take concrete measures to ensure safe working conditions, to accord workers their rights to freely associate and organize, to protect the rights of those individuals and organizations seeking to help workers exercise their rights, among others.

Bangladesh must endeavor to sustain its GSP privileges in America. Loss of these privileges would send a negative message to buyers and consumers around the world. Loss of these privileges could preclude Bangladesh's benefiting from duty free/quota free access to the American market should ongoing WTO negotiations conclude successfully to provide least developed countries, including Bangladesh, duty free/quota free access to the markets of developed countries. Many expect these negotiations to succeed in the next two or three years.

Asian Tigers don't emerge from vapor ... rather Asian Tigers can emerge only from an economy that has tackled and overcome serious infrastructure and other constraints such as inadequate ports, roads, railroad, power and energy supplies, corruption, deficient rule of law, political stability. You know the constraints well. You know, too, that each challenge can be overcome; none is intractable.

Asian Tigers don't emerge from vapor ... rather Asian Tigers need money; they need capital ... and that is where the Dhaka Stock Exchange comes in.

The Dhaka Stock Exchange already is playing an important role in helping to create the Bangladeshi Asian Tiger.

Since its founding nearly 60 years ago, the Dhaka Stock Exchange has grown along with Bangladesh's business community, listing today more than 280 companies with a combined market capitalization of nearly \$30 billion.

But more is needed to build an Asian Tiger.

I believe more can be/must be done to attract greater domestic and foreign investment into Bangladesh's capital markets. The key to attracting these investment taka and dollars is confidence.

The 2008 collapse of financial institutions in the United States and elsewhere around the world drove home many powerful lessons, including the risks of inadequate oversight and deficient regulation, compounded by investors' excessive exuberance. After that financial crisis, President Obama worked with Congress to develop regulatory reforms to strengthen government oversight of the market and reduce the risk of a repeat of that horrible financial crisis. These reforms have restored investor confidence, and the U.S. capital markets rose to record highs last month.

Bangladesh, too, experienced its own stock market crash, beginning in December 2010 and continuing well into 2011. The causes of that crash were many, including, I suggest, inadequate regulation and oversight of the financial market, market manipulation, and excessive exuberance ... "greed" in the words of a friend who is a successful Bangladeshi businessman ... on the part of investors who threw money into the market without having done sufficient due diligence.

Bangladesh, like America, needs a strong regulatory framework that provides effective oversight to the financial sector and capital markets. Investors, both in America and here, seek clear and fair financial rules that enable shareholders to maximize benefits and minimize risks. Investors, American and Bangladeshi, have confidence in markets that apply regulations equitably and clearly and that protect against corruption and manipulation. Investors seek consistent and transparent rules for financial accounting so investors can make informed decisions on the valuation of company shares. Investors seek proper oversight of financial markets to help safeguard the interests of savers and investors, particularly individuals and small investors.

The market will make clear whether Bangladesh has done enough to restore investor confidence as investors ... large and small ... make clear as they decide to open their wallets ...

or not open their wallets ... to invest in the capital market, to invest in the Dhaka Stock Exchange. You certainly are much better positioned than I am to read the message that investors are sending you.

As for me, I am confident that the Bangladesh, especially its strong, vibrant, dynamic business community as represented by many of the companies listed in the Dhaka Stock Exchange, will manifest the resourcefulness and resilience to continue building the Royal Bengal Tiger. I fully expect that Tiger will become reality within a decade or two as Bangladesh successfully builds a Middle Income country, a country where all citizens have adequate, safe shelter, ample, nutritious food, and access to quality education and healthcare ... indeed, I envision Sonar Bangla.

Thank you.

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**As prepared for delivery*